

INVESTING IN HOMES FOR EVERYONE

A BIG RESPONSIBILITY, A BIG INVESTMENT

This housing package will require a large investment – as well it should. Guaranteeing affordable, stable and sustainable housing to everyone is one of the most important things we can do as a society. This is a productive investment that will create positive social and financial returns for decades to come.

OUR PLAN

Revenue streams to fund this investment include tax reforms, savings from lower utility bills, and increased rental revenue from households on average incomes.

State and federal governments already spend very large amounts on infrastructure and tax breaks to attempt to incentivise private investment.

For example, the City of Sydney estimates that WestConnex and associated infrastructure will cost \$50 billion.¹ The NSW Government is reportedly spending \$3.8 billion on a 'Prison Bed Capacity Program'.² The government was also prepared to spend \$2.7 billion demolishing and rebuilding stadiums before the public outcry forced a partial backdown.³

One of the largest government subsidies is the Capital Gains Tax (CGT) exemption on owner-occupied housing, which cost \$74 billion in 2017-18.⁴

A rough projection shows that governments spend far less on social housing than they do on subsidies funnelled into private housing, like negative gearing and the CGT discount (2017-18: \$14.85b⁵). Please refer to graph 1 on page 3 to review these projections.

This is a very rough projection – with the exception of WestConnex, amounts for the most recent year available have simply been multiplied by ten. The Greens are not necessarily advocating for changes to these tax breaks to pay for these specific initiatives.

This is simply to show that, while our initiatives

would require a large investment relative to what governments currently spend on social housing, it would still be far less than current tax expenditures directed at private housing.

FUNDING UNIVERSAL HOUSING

This part of the plan will be funded with a mix of loans, capital grants, and revenue from rents. The loans and capital grants will be sourced from both the federal and state governments.

The principal federal funding mechanism is The Greens initiative for a Federal Housing Trust.⁶ The Trust is version of a bond aggregator⁷ and has been costed to issue a total of \$76.3 billion in loans from 2019-20 to 2028-29 to fund construction of 500,000 homes. This will be complemented by \$1.7 billion per year in capital grant funding. The share for housing in NSW would be roughly one third, based on share of population.

The savings from our federal reforms to negative gearing and the CGT discount⁸ will form part of a revenue stream:

SAVINGS (\$M)	YR 1	YR 2	YR 3	YR4	TOTAL
NEGATIVE GEARING REFORM	\$750	\$1750	\$2,450	\$3,350	\$8,300
CGT REFORM	\$1,300	\$1,450	\$1,600	\$1,700	\$6,050

The Queensland Greens' costing for their 2017 universal housing initiative shows a large social housing scheme is financially sustainable if a large investment kick starts the project and rental revenue is increased by bringing in households on average incomes:⁹

- Interest repayments on \$26.6b in debt in 2022 to be \$740m for that year

- By 2037, rental revenue, less maintenance (\$21.2b) exceeds new building costs (\$20.5b)
- Net borrowing falls to zero by 2040
- Total borrowing falls to zero by 2049

Further, money spent on housing is productive investment. Within reason, the greater the investment in housing, the greater the economic return.

A report on the largest investment in social housing to date, the \$5.6b Social Housing Initiative, found for every \$1 of construction activity, around \$1.30 in total turnover was generated in the economy, and 14,000 full time equivalent jobs were created.¹⁰

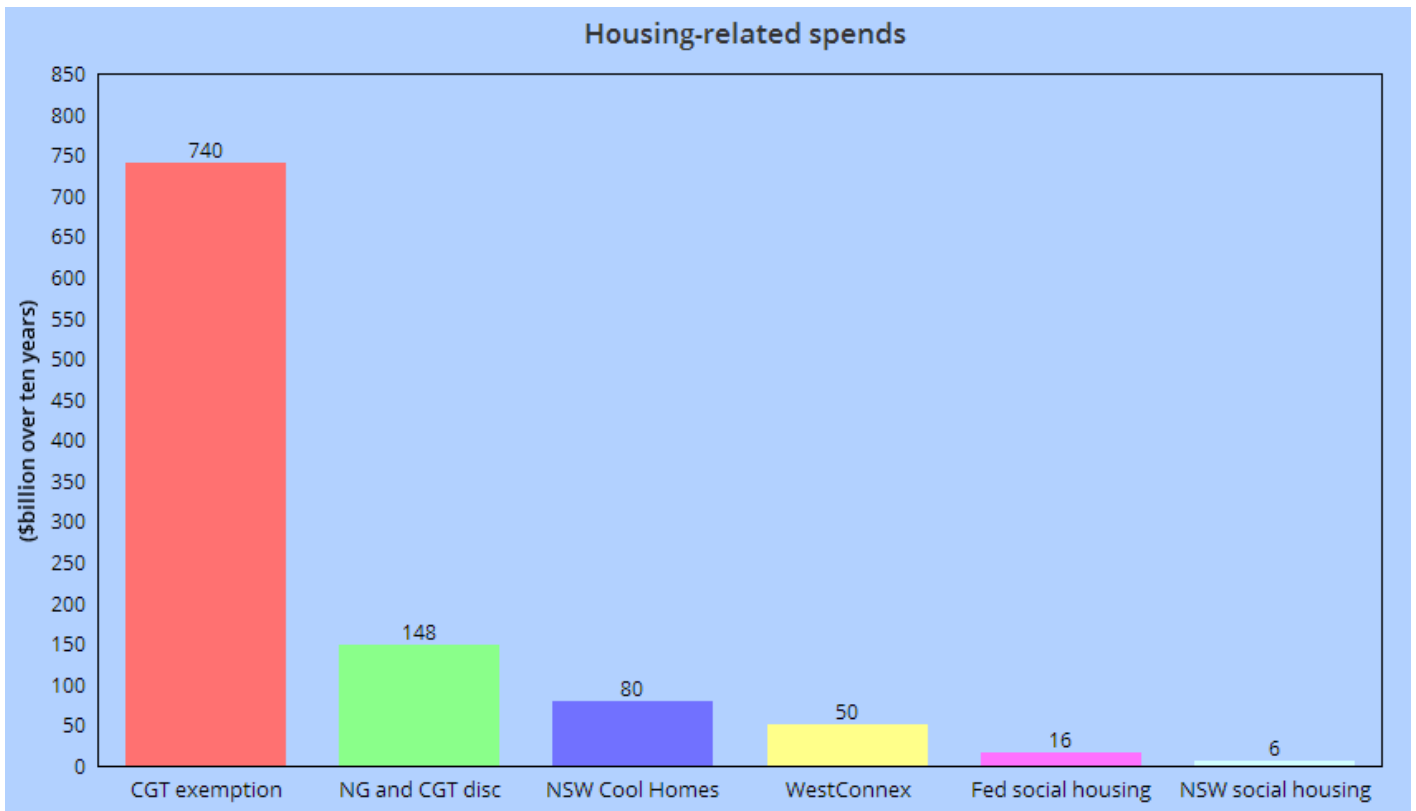
FUNDING COOL HOMES, COOL PLANET

The Beyond Zero Emissions' (BZE) Buildings Plan¹¹ provides estimates for the required investment and associated savings. Utility costs for households could be halved compared to business as usual (BAU) (see graph 2 on page 4).

BZE estimates the the capital cost of a national plan for zero emissions in residential buildings at \$234b over ten years. However due to the efficiency gains, this plan could achieve net present savings of \$40b over 30 years compared to BAU (see graph 3 on page 4).

The Cool Homes initiative would be rolled out alongside the Greens plans for 100% renewable energy, to reregulate power prices, and to reestablish a public electricity retailer. It is likely that the complete package will return even greater savings compared to BAU.

GRAPH 1



LABELS

CGT exemption: federal tax expenditure on the CGT exemption on the primary residence.

NG and CGT discount: federal tax expenditure on negative gearing and the 50% CGT discount.

NSW Cool Homes: estimate of capital cost over ten years to renovate every home in NSW to emit zero carbon emissions (roughly one third of the federal estimate)

WestConnex: City of Sydney's estimate of the total capital cost of the WestConnex project and associated infrastructure.

Fed social housing: federal expenditure on social housing through the National Housing and Homelessness Agreement.

NSW social housing: state expenditure on social housing through Family and Community Services.

GRAPH 2

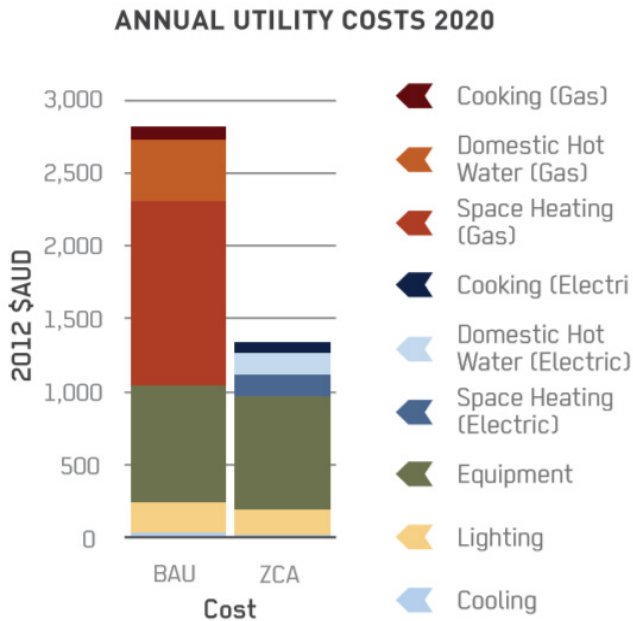
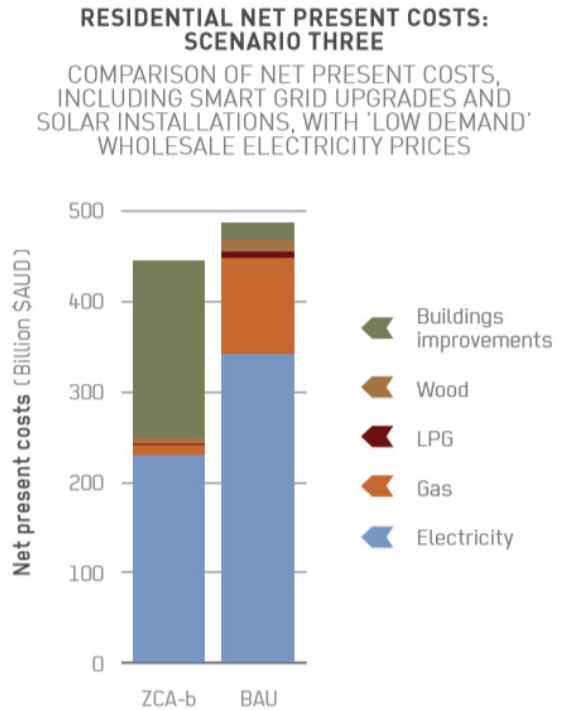


FIGURE 6.10

Annual utility costs per home, BAU vs ZCA-b (2020)

GRAPH 3



¹ <https://fixwestconnex.com.au/>

² <https://www.justice.nsw.gov.au/Pages/media-news/media-releases/2016/Better-Prisons-means-more-beds-for-inmates-and-more-jobs-for-locals.aspx>

³ <https://www.theaustralian.com.au/news/cost-of-sydney-stadiums-rebuild-blows-out-to-27bn/news-story/88e7f41b8068b5d80c6706aabd82f21f>

⁴ <https://www.smh.com.au/national/cost-of-tax-breaks-soars-on-profits-from-sale-of-family-homes-20180126-hoozgd.html>

⁵ <http://www.anglicare.asn.au/docs/default-source/default-document-library/cost-of-privilege-report.pdf?sfvrsn=0>

⁶ <https://greens.org.au/platform/homes#housing-trust>

⁷ <https://www.ahuri.edu.au/policy/ahuri-briefs/bond-aggregator-model>

⁸ <https://greens.org.au/platform/homes#rorts>

⁹ <https://docs.google.com/spreadsheets/d/1gYdQ-DID36PogC5tkGJ5f7Mj4XqfBAeYml2SmQVtTVg/edit#gid=0>

¹⁰ http://www.nwhn.net.au/admin/file/content101/c6/social_housing_initiative_review.pdf

¹¹ <http://www.bze.org.au/buildings-plan/>